

Message Text

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42

ACTION AGR-10

INFO OCT-01 EA-10 ISO-00 EB-07 SP-02 L-03 CIAE-00 INR-07

NSAE-00 /040 W

----- 128097

R 300850Z JUL 75

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 6402

UNCLAS TAIPEI 4828

STATE PASS STEPHENS/WILLIAMS, FAS/USDA

E.O. 11652: N/A

SUBJECT: PERIOD THREE FINANCING APPROVALS

REF : FASTO 155

1. EMBASSY IS DISAPPOINTED THAT CCC UNWILLING IMMEDIATELY
ISSUE PERIOD THREE FINANCING APPROVALS TO MILLS WHICH HAVE
FULLY MET PERIOD ONE AND TWO CONTRACT COMMITMENTS.
BOARD OF FOREIGN TRADE ALSO DISTURBED BY THIS
DEVELOPMENT WHICH THEY STATE IS NOT IN ACCORDANCE
WITH AGREED MEMORANDUM OF UNDERSTANDING.

2. WHILE PERFORMANCE OF TEXTILE MILLS HAS BEEN
DISAPPOINTING, WE BELIEVE THE GROC HAS PERFORMED IN
ACCORDANCE WITH ITS COMMITMENTS IN THE MEMORANDUM
OF UNDERSTANDING. WHEN IT BECAME EVIDENT THAT MILLS
WOULD NOT OPEN PERIOD ONE LETTERS OF CREDIT BY THE
AGREED DEADLINE OF JUNE 15, THE GROC APPLIED ADDITIONAL
PRESSURE ON TEXTILE MILLS BY ANNOUNCING THAT IMPORT
LICENSES FOR RAW COTTON WOULD NOT BE ISSUED TO
MILLS WHICH WERE DELINQUENT IN OPENING L/C'S FOR CON-
TRACTED U.S. COTTON. AFTER IT BECAME APPARENT THAT
THIS MEASURE WAS NOT PRODUCING THE DESIRED RESULTS,
THE GROC ON JULY 25 ANNOUNCED THAT MILLS WHICH WERE
DELINQUENT IN OPENING PERIOD ONE AND TWO LETTERS OF
CREDIT COULD NOT MAKE FURTHER WITHDRAWALS OF COTTON
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FROM BANK OF TAIWAN BONDED STORAGE NOR COULD THESE

MILLS RECEIVE LICENSES FOR EXPORTS OF TEXTILE PRODUCTS. IMPLEMENTATION OF THESE THREE MEASURES ON THE PART OF THE GROC WILL FORCE ALL MILLS TO OPEN LETTERS OF CREDIT IF THEY ARE TO CONTINUE TEXTILE OPERATIONS. WE THEREFORE BELIEVE THAT THE GROC HAS TAKEN ALL NECESSARY MEASURES TO ENSURE OPENING OF LETTERS OF CREDIT FOR CONTRACTED U.S. COTTON AND THAT THE USG HAS NO ADEQUATE JUSTIFICATION FOR WITHHOLDING PERIOD THREE FINANCING APPROVALS.

3. FURTHER WITHHOLDING OF FINANCING APPROVALS FOR PERIOD THREE NOT ONLY CREATES A POSSIBILITY OF SERIOUS FINANCIAL LOSSES BY TEXTILE MILLS WHICH HAVE COMPLETED OPENING LETTERS OF CREDIT FOR PERIOD ONE AND TWO, IT WILL ALSO RESULT IN REDUCED EXPORT SALES OF U.S. COTTON SINCE TEXTILE MILLS HAVE BEEN FREELY PERMITTED TO CONTRACT FOR NON-U.S. GROWTH BUT THEY CANNOT CONTRACT FOR U.S. COTTON UNTIL THEY OPEN LETTERS OF CREDIT FOR ALL THREE PERIODS. THUS, IT IS IN OUR EXPORT INTEREST TO HAVE PERIOD THREE LETTERS OF CREDIT OPENED AS SOON AS POSSIBLE SO THAT MILLS WILL BE PERMITTED TO CONTRACT U.S. COTTON.

4. URGENTLY REQUEST CCC RECONSIDER ITS DECISION NOT TO ISSUE PERIOD THREE FINANCING APPROVALS.
UNGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TEXTILES, CREDIT, CONTRACTS
Control Number: n/a
Copy: SINGLE
Draft Date: 30 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975TAIPEI04828
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750262-0974
From: TAIPEI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t1975076/aaaaafpg.tel
Line Count: 87
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AGR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: hartledg
Review Comment: n/a
Review Content Flags:
Review Date: 11 FEB 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <11 FEB 2003 by ThomasVJ>; APPROVED <03 FEB 2004 by hartledg>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PERIOD THREE FINANCING APPROVALS
TAGS: ETRD, EFIN, TW, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006